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State of Utah

DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING

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August 9, 1988

Mr. H.D. Butt
Ecola Route
Monticello, Utah 84535

Dear Mr. Butt:

Re: Permit Transfer, Sage Mine, Atlas Minerals, M/037/023, San Juan County, Utah

I have enclosed a permit transfer form for the Sage Mine. Also, find enclosed our current bond estimate for the site, which will include a breakdown of costs for both the Caliham and Sage sites.

I plan to ask our Board for approval to transfer this permit at the end of this month. They meet on August 25th. Please return the permit transfer form, if possible, to me by August 16, 1988. I will also need a form and amount of surety. I have enclosed an explanation of bonding options you will have. I would suggest item #2, surety in the form of collateral. This would be the easiest to obtain and gain Board approval for.

You will also need to fill out a bonding form. These are not yet available, and will not be ready until next month. However, if your form and amount of surety can be approved by the Board this month, then your permit transfer will also be approved.

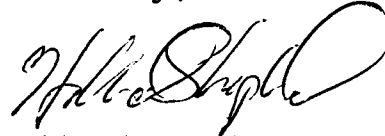
Keep in mind that with Board approval of the 5 acre and under regulations, the bond you post for the Sage can be returned to you. This would be contingent on a reclamation agreement, which I discussed with Jim Butt on August 5, 1988 regarding the Goneaway Mine site. I still need to talk to UP & L concerning the site. The particulars have yet to be agreed upon and I will meet with Jim, hopefully next month, to discuss it.

Jim indicated that he wanted some reclamation information. This information can be found on the bonding estimate and form MR-SMO, page 3.

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Mr. H.D. Butt
August 9, 1988

If you have further questions, please don't hesitate to call.

Sincerely,

A handwritten signature in cursive script, appearing to read "H. Shepherd".

Holland Shepherd
Reclamation Soils Specialist

jb
Enclosures
3/4-5